

Message Text

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ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-15 /119 W
-----100493 231035Z /11

P 231015Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 7575
INFO AMEMBASSY MANILA

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 04434

USMTN

ACTION STR

STR PASS CODEL

EO 11652:N/A
TAGS: MTN, ETRD, RP
SUBJECT: US/PHILIPPINES BILATERAL ON US TARIFF OFFER

REF: (A) STATE 47797 (B) 77 STATE 311115

1. MTN DEL (GRAEF, ST. MAXENS, SWAIN) MET WITH GOP
GENEVA DEL (GARRIDO, BONDAD, HARESCO) ON MARCH 7 AND
MARCH 17 TO PROVIDE FURTHER INFORMATION ON US GENERAL
OFFER TABLED JANUARY 23. US DEL PROVIDED OVERVIEW OF
HOW US OFFER AFFECTED PHILIPPINES AND RESPONDED TO
QUESTIONS ON US OFFER.

2. DRAWING FROM A SURVEY OF US IMPORTS FROM THE PHILIP-
PINES ON ITEMS TOTALLING \$100,000 OR MORE IN 1976, AND
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ACCOUNTING FOR 5 PERCENT OR MORE OF US IMPORTS WE
INDICATED THAT THE US HAD OFFERED REDUCTIONS UP TO ITS
FULL TRADE ACT AUTHORITY ON 53 TARIFF LINES COVERING
\$179 MILLION, MADE FORMULA OFFERS ON 40 ITEMS COVERING
\$84 MILLION, AND LESS THAN FORMULA OFFERS ON 30 ITEMS
TOTALLING \$28 MILLION (MOSTLY TEXTILE ITEMS). IN
ADDITION WE IDENTIFIED THE 37 ITEMS INCLUDED IN THE

OFFER FOR WHICH THE PHILIPPINES WAS FIRST SUPPLIER, AND 28 ITEMS FOR WHICH IT WAS THE SECOND OR THIRD SUPPLIER. WE EMPHASIZED THAT CONTRIBUTIONS WERE REQUIRED TO MAINTAIN THE OFFER, AND THAT IMPROVEMENTS WERE NOT POSSIBLE IN THE ABSENCE OF SUBSTANTIVE NEGOTIATIONS.

3. FYI AMEMBASSY MANILA - FIGURES CITED ABOVE ARE BASED ON CONFIDENTIAL US OFFER AND DUE TO SENSITIVITY OF THE OFFER SHOULD NOT BE CITED IN CONVERSATIONS WITH THE PRESS AND PRIVATE SECTOR CONTACTS. END FYI.

4. MTN DEL ALSO INQUIRED ABOUT GOP INTENTIONS TO SUBMIT A REQUEST FOR INDUSTRIAL TARIFF CONCESSIONS AND THE STATUS OF PHILIPPINES RESPONSES TO US REQUESTS TABLED IN TP, AG, NTM NEGOTIATING GROUP, AND BY NOVEMBER 1 LETTER. FYI DURING MARCH 7 MEETING GARRIDO SUBMITTED REVISED GOP TROPICAL PRODUCTS REQUEST LIST ON INSTRUCTION FROM MANILA, DESPITE MTN DEL COUNSEL THAT REQUESTS BE MADE ALSO UNDER GROUP AGRICULTURE PROCEDURES. END FYI GARRIDO RESPONDED THAT REQUESTS AND RESPONSES WERE UNDER STUDY IN MANILA, BUT WOULD BE DELAYED BY PREOCCUPATION OF SENIOR OFFICIALS WITH APRIL 7 ELECTION.

5. GARRIDO'S QUESTIONS WERE DIRECTED TOWARD DIFFERENCES IN US TP OFFER TABLED MARCH 1, 1976 AND JANUARY 23, 1978 GENERAL OFFER (EG TSUS 145.08 ON TP OFFER FREE, 1/23 OFFER 2.2 PERCENT, AND TSUS 176.17 ON TP OFFER FREE, 1/23 LIMITED OFFICIAL USE

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OFFER 2.3 PERCENT). MTN DEL RESPONDED WITH NEGOTIATING POSITION THAT JANUARY 23 OFFER REFLECTED US DISSATISFACTION WITH THE FACT THAT TP OFFER HAD BEEN ON TABLE FOR 2 YEARS WITHOUT GOP OFFICIAL OR INFORMAL RESPONSE, AND THAT AD VALOREM EQUIVALENT OF BOTH SPECIFIC DUTIES HAD RISEN ABOVE 5 PERCENT IN 1976 (IE 60 PERCENT REDUCTIONS OFFERED) RESULTING IN LEGAL INTERPRETATION PROBLEM OF SECTION 101 TRADE ACT AUTHORITY EMPHASIZING THE IMPORTANT LINK BETWEEN COCONUT OIL AND SOY BEAN CONCESSIONS. FYI - REF A INDICATES THAT AUTHORITY EXISTS TO ELIMINATE DUTY. END FYI.

6. GARRIDO INDICATED THAT GOP WANTED TO PURSUE TP NEGOTIATIONS AND SUGGESTED THAT FOLLOW ON MEETING TO ASEAN STO BE SCHEDULED FOR MANILA. MTN DEL REPLIED THAT US HAD BEEN PREPARED TO NEGOTIATE SINCE JAN (REF B) BUT THAT WE HAD HEARD NOTHING FURTHER FROM AMB. VEGA, AND REQUESTED FORMAL INVITATION. IN ADDITION MTN DEL POINTED TO THE DIFFICULTY OF SEPARATING TP NEGOTIATIONS FROM OVERALL MTN GIVEN JULY 15 TARGET FOR COMPLETION AND STATED ONLY WAY TO MOVE FORWARD WAS BASED UPON PHILIPPINE RESPONSE TO US REQUESTS (HOPEFULLY PRIOR TO NEGOTIATING SESSION.)

GARRIDO UNDERTOOK TO INFORM AMB. VEGA.

7. AMB. VEGA CONTACTED MTN DEL BY PHONE FROM FRANKFURT MARCH 21. HE PROPOSED TP NEGOTIATING SESSION IN MANILA APRIL 5-6 SUBSEQUENT TO STO MEETING, AND THEN IMMEDIATELY RULED IT OUT BECAUSE OF THE ELECTION. HE ALSO INDICATED WEEK OF APRIL 10 IN GENEVA NOT POSSIBLE, AND SCHEDULED MEETING FOR APRIL 25 IN GENEVA. WHEN MTN DEL DREW ATTENTION TO DIFFICULTY OF FOCUSING ONLY ON TP (PARA 6 ABOVE) VEGA SEEM UNCONCERNED.

8. COMMENT: WE ARE CONFUSED BY ALTERNATING HOT AND COLD GOP INTEREST IN TP AGREEMENT. IT IS CLEAR THAT GOP HAS INTEREST IN CONCLUDING TP, BUT BELIEVE THEY ARE WAITING

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INFO AMEMBASSY MANILA

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USMTN

ACTION STR

STR PASS CODEL

FOR CLEAR SIGNAL FROM ASEAN TO PROCEED. OUR OTHER CONTACTS IN ASEAN HOWEVER ARE WAITING FOR THE PHILIPPINES, THE PRINCIPAL BENEFICIARY TO US TP OFFER TO TAKE THE LEAD. THE KEY PRESSURE POINT IN OUR BELIEF WILL BE THE STO MEETING WITH US DEL APRIL 3-4. END COMMENT.

9. ACTION REQUESTED: WE WOULD APPRECIATE EMBASSY COMMENTS ON OUR ASSESSMENT THAT GARRIDO IS MORE DIRECTLY

IN TOUCH WITH MANILA, SINCE AMB. VEGA HAS ONLY RETURNED
TO EUROPE THIS WEEK FROM TEHRAN, WHERE HE HAS BEEN
ESTABLISHING A PHILIPPINE EXPORT HOUSE, AND MANILA.

10. DRAFTED BY GRAEF. CULBERT

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